

DEFEND MORGAN; BLAME MELLEN

Latter Dominating Figure,
Elton and Skinner, New
Haven Directors, Testify.

FINANCIER CALLED ALMIGHTY OF FINANCE

Deposed President "Too Ambitious,
Lost His Head"—Kept
Westchester Deal Secret.

(From The Tribune Bureau.)
Washington, June 3.—James S. Elton, of Waterbury, and William Skinner, of Holyoke, two New Haven directors, today failed to throw light on the mysterious Billard transaction involving the purchase and sale of Boston & Maine stock by the New Haven in the resumption of the investigation of the New Haven Railroad.

Elton contradicted Mellen's testimony as to what Billard was to receive. He understood the New Haven road was to receive all the profits, less a reasonable commission from Billard, and that the minutes of the New Haven board of directors' meeting of October 8, 1909, specifying this were correct.

Mellen testified these minutes were incorrect and had been adopted to make Billard give up part of the \$2,748,000 which, he asserted, belonged to him.

Skinner testified that he arrived from abroad only in time to attend the meeting of the directors on October 8, 1909, when it was voted all of the profits belonged to the New Haven.

Elton, who is seventy-six years old, was a picturesque witness. He admitted he had told his son "he had lived seventy-six years to become a member of the damned fool family." He considered Mellen the dominating figure on the board. Mr. Morgan, he said, had often helped to carry the board, but those were cases when there was opposition. The directors usually acquiesced with what Mr. Morgan proposed. After Mr. Morgan left some of the directors would mutter and say things they would not say when he was there.

Elton thought Mellen was the moving spirit in most of the New Haven transactions. Mr. Mellen was too ambitious and carried the directors off their feet.

Mellen Lost His Head.
"Mr. Mellen frequently lost his head," Elton said, "because he let his ambition run away with him."

Things were different under the present management, as Mr. Elliott took the board into his confidence and asked its advice. The directors now were not afraid to voice their sentiments.

Regarding the expenditure of the \$11,000,000 in the Westchester transaction, Elton said that when Mellen and Morgan said it was a proper thing to do he thought it was all right. Things went so fast that he couldn't keep up.

"They were errors of the head and not of the heart," he declared. "I believe that Mr. Morgan was interested heart and soul in the New Haven."

Replying to questions asked by William Nelson Cromwell, counsel for a number of New Haven directors, Elton admitted that Mellen was chairman of a special committee which handled the Westchester negotiations and that he relied on Mellen. This committee submitted minutes to the directors from time to time.

The acquisition of the Westchester railroad was one policy. The terminal charges at the Grand Central Station were becoming so heavy that as far back as 1890 there had been discussion of how to eliminate them. Elton was guided in his vote first by information submitted by Mellen, by his confidence in Mellen and by the prospective value of the project. He believed the New Haven was paying too much for the Westchester properties and would not vote for it now.

He testified that at meetings of the directors the question frequently came up as to whether or not they were violating the Sherman law in acquiring properties. Mr. Robbins, their general counsel, invariably told them that

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under their Connecticut charter they could do almost anything. He denied that the New Haven was an adjunct to Wall Street as a speculative enterprise rather than a railroad, and asserted that if Mr. Morgan had lived the road would now be on its feet.

Mellen Proposed Buying Trolleys.

Mellen, he testified, first proposed the purchase of the Rhode Island trolleys. He disapproved, but voted for it because of his faith in Mellen.

Skinner, who was present when the special committee reported on the Westchester negotiations, said he had said nothing, because he believed that it had all been thrashed out. He was not awed by Morgan. He admitted that he went to Mellen after this meeting and tried to find out where the money had been spent, and that he might have exclaimed "Holy Caesar, Philippi!" but that he did not accept Mellen's appointment as a committee of one to call upon Mr. Morgan, because he believed the special committee had thrashed the whole subject out and he had confidence in what the committee had done.

There had always been kicking among the directors at the expense of the Grand Central Terminal. Mellen told him the acquisition of the Westchester properties was too important to lay before the whole board of directors, and that the idea was to keep the purchase a secret for fear those selling would want more money. He thought the road would be acquired for \$5,000,000, and was surprised to learn it had cost \$11,000,000.

Skinner holds 5,400 shares of New Haven stock. He knew that the New Haven had lost \$10,000,000 in steamship transactions.

His recollection of the Billard transaction was hazy. He said that if Mr. Billard had bought this stock at the market price of 125 and had taken the risk of a big loss he was entitled to the \$2,748,000 in profits, which he considered reasonable.

Morgan Almighty of Finance.

The witness held Morgan in great respect and regarded him as the Almighty of finance. He was sure he had objected to Morgan's plans many times and that the reason the directors usually voted unanimously was because they had talked it over beforehand.

"I hold no brief for Mr. Morgan," he declared, "but I believe that we should question the whole committee and not a single man."

Skinner admitted that he had held 350 shares of stock in the Massachusetts trolleys and that when it was found that the Massachusetts law prohibited an official of the New Haven holding this stock he transferred it to his nephew and a bookkeeper. This was in 1909 and he declared that the Attorney General of Massachusetts had said it was all right.

Mellen, he said, was "fired" from the presidency of the New Haven because the directors thought he had lost the confidence of the public. He asserted, however, that Mellen had a majority of the New Haven directors with him and that he could have retained his place if he laid his case before them.

The New Haven investigation will wind up Friday or Saturday, according to the present plans of the Interstate Commerce Commission. Skinner will resume the stand tomorrow morning and after two or three other directors are heard Lewis Cass Ledyard will be allowed to make his statement.

The present management of the New Haven will also be allowed to put in a statement to clear the record.

Mr. Folk, at the start of the hearing, presented a list of money to newspapers. Among the publications named were "The Boston Herald" and "The Boston American."

Elton, testifying about the meeting at which Morgan, Rockefeller and Miller were appointed a committee in the New York, Westchester & Boston transaction, and also when they reported, said he felt that the spending of \$11,000,000 was not unnecessary, but was extravagant. He was surprised, but had absolute confidence in Morgan, Rockefeller and Miller. He remembered no definite instance where the wishes of Mr. Morgan were opposed.

"Did Mr. Morgan make any statement of value of securities acquired for the \$11,000,000?" asked Mr. Folk.

"Not that I remember," was the reply. The witness did not recall anything about the 8,000 shares turned over to Mr. Mellen with which to acquire 24,000 shares of Westchester stock, as testified by Mellen. He knew nothing of the transactions with Police Inspector Byrnes.

Elton Naturally Timid.

"Natural timidity," said Elton, kept him from making objections at the meetings.

"You paid \$20,000,000 for a property that admittedly was worth \$8,000,000 and was encumbered to the extent of about what you paid for it?" suggested Mr. Folk.

"Yes," said Mr. Elton, "that's about it."

"Were the other directors as timid as you?" asked Commissioner McChord.

"No," said Mr. Elton, and added that William Skinner at times expressed disapproval in the presence of Mr. Morgan.

Elton was a director of the New England Navigation Company.

"The same men were on both boards," he said. "One was called the New Haven meeting and the other the navigation company. We just passed from one to the other."

"Were you confused at times and unable to tell which board meeting you were attending?"

"I was always confused."

Elton said he did not know the subsidiaries of the New Haven numbered 23.

As to did information as to their operations he did not meet with much success. As to assets in the form of notes, he relied on the report of the auditor.

He might have asked Mr. Mellen about them, but his head was too thick to understand the situation.

later turned the shares over to Mellen for the latter's personal check.

Trolley Mellen's "Personal Matter."

"I understand," said Elton, "that the acquisition of the Massachusetts trolleys was a personal matter with Mr. Mellen." Elton thought \$100,000 was lost in the Merchants and Miners' Transportation Company.

Up to two years ago there had been no question of earnings being sufficient. It was found not enough had been earned to meet the dividend, and a suggestion was made to pay from surplus, but it was decided instead to cut dividends from 5 to 6 per cent.

In stating his belief that formerly the directors depended too much on Morgan and Mellen Elton said:

"The directors now direct."

He regarded control by one man as a bad thing for the public. His eyes had been opened.

Elton said \$30,000 a year for five years was voted to Mellen largely from sympathy. Almost immediately the directors regretted it and at the next meeting the vote was rescinded.

After they took the vote they realized they were voting away other people's money.

Skinner testified the purchase of trolleys by the New Haven was based on the natural growth of New England. He thought many of the investments wisely made, considering the potential value of the properties.

"I am one of the largest stockholders of the New Haven," the witness continued. "I own 5,400 shares, and it is my belief that if things had been allowed to go on and the railroad and its officials not been subjected to intemperate investigations and legislation the property would have pulled out all right, perhaps within five years."

Billard's \$2,700,000 Profit.

He did not know, except as he had read it in the papers, of any sums paid to J. Henry Rohrbach, in Connecticut, or General Brayton, in Rhode Island, as legislative agents.

He was present when the 109,948 Boston & Maine shares were sold to John L. Billard at 125.

"Would you consider \$2,748,000 a reasonable compensation for acting for the New Haven?" asked Mr. Folk.

"Well, Mr. Billard bought the Boston & Maine stock and took the chance of suffering a heavy loss. If he afterward sold it at a profit, I should say he was entitled to that profit."

Testifying regarding the organization of the New England Investment and Security Company, after the purchase of the Massachusetts trolleys, Mr. Skinner said: "Mr. Mellen had \$100,000 worth of stock in the Investment Company, and asked the New Haven directors to help him out. I took 200 shares and other directors bought some. About two years later Mr. Mellen said he thought it was better for residents of Massachusetts to hold the stock of the Investment Company, as it was a Massachusetts concern, and I purchased 100 more shares. I kept the stock until 1908, when Mr. Mellen asked that we dispose of our shares. I turned mine over to my nephew and an employee. Later I sold it."

"If it was felt that Mr. Mellen was worth \$20,000 a year merely as an adviser, why was he fired from the presidency of the New Haven?" asked Mr. Folk.

"Because it was felt that he had lost the confidence of the public."

"What would have happened if Mr. Mellen had objected to being retired?"

"He could have retained the presidency if he had wanted to do so."

"Why?"

"Because he had a majority of the board with him."

"Was William Rockefeller active at the meetings of directors?"

"He cannot talk, but he leans over to directors sitting near him and communicates his views by motions of the head and hands or by writing on a pad."

RESOLUTE WINS IN

SECOND CUP TEST

Continued from page 1

cone set half a mile off the west of Great Captain's Island, the breeze had freshened, clearing away the haze at the same time.

The Resolute was towed out from Glen Cove until near the line, when she cast off and did some preliminary sail stretching. The Vanitie came across the Sound to the starting line under her own canvas. Both carried their largest club topsails.

The code signal letter "D" set by the committee just before noon told the skippers of the racing craft when they consulted their charts that their course would be a beat to windward of seven and a half miles from the start to the buoy off Prospect Point, in Hempstead Bay, and return, and the figure "2" indicated that they were to sail this course twice, making a total distance of thirty miles.

There was no delay at the start. The whistle signals were promptly sounded—the preparatory at 12 o'clock, the warning at 12:10, and the starting blast at 12:15.

Captain "Nat" Herreshoff, who overnight had made a personal inspection of the Resolute's sails and had his sailmaker, Hathaway, correct some defects, was on board the flag officers' boat in an advisory capacity, and it was said that he relieved Captain Charles Francis Adams, 2d, at the wheel on one of the windward legs of the race.

The others on board were Robert W. Emmons, 2d, John Parkinson and George Nichols. The owner of the Vanitie, Alex Smith Cochran, had on board with him Fred M. Davies, William Hayden and William Gardner, her designer.

The sun broke through the clouds and set the waters of the sound all a sparkle just as the yachts began to manoeuvre in circles between the preparatory and the warning signals. Thirty seconds before the starting whistle, both were to the northwest of the flag buoy that marked the windward end of the line. They were heading to the northeast with booms amidships and the wind dead aft, ready to luff either way.

Captain Adams made the first move, duffing the Resolute sharply to the southward, while the ever alert crew trimmed sheets smartly as she came to the wind, he sent her across the line close up to the mark in the coveted weather berth at 12:16:30.

Bill Dennis, figuring on going through the lee of the Resolute, brought the Vanitie down for the line under great headway, crossing it at 12:16:42, almost beam and beam with his opponent. The Resolute led by twelve seconds, however, and

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Leading Facts of Second Yacht Test

Winner, the Resolute, by 11 seconds; actual time, 3 m. 41 s., corrected time (unofficial).
Course, windward and leeward; distance, four legs of 7½ miles each; total, 30 miles.
Wind, southwest to west: average strength, 15 miles an hour.
Actual time of each yacht, Resolute, 3 h., 01 m., 27 s.; Vanitie, 3 h., 01 m., 38 s.

Figures of the Race.

	Resolute, Vanitie	H. M. S.	H. M. S.
Start	12:16:30	12:16:42	
Windward mark (1st)	1:08:49	1:10:56	
Home mark	1:50:49	1:51:40	
Windward mark (2d)	2:34:55	2:35:44	
Finish	3:17:57	3:01:27	
The Resolute won by 11 seconds actual time and 3 minutes 41 seconds corrected time (unofficial).			

Elapsed Time by Legs.

	H. M. S.	H. M. S.
First leg	0:52:19	0:54:14
Second leg	0:42:00	0:40:44
Third leg	0:41:06	0:41:04
Fourth leg	0:43:02	0:42:36
Total elapsed time	3:01:27	3:01:38

both used nearly all of their handspike time of two minutes.

The breeze freshened just as the yachts cleared the line, and they presented an inspiring picture, as close hauled on the starboard tack, and with lee rails level with the water, they began their second race of thirty miles. Both skippers placed their men race down on the weather side of the decks, and there were three men constantly watching the trim of the sails.

Out of the southwest the wind was now blowing merrily, the yachts making good a south course and holding higher in the puffs. The Resolute, with her single head rig, pointed the better of the two, and she steadily ate out to windward of her rival. Captain Dennis, not liking his position under the Resolute's lee, let the Vanitie come about to the port tack at 12:31:15, about fifteen minutes after the start.

The yachts were so close at this time that when Captain Adams swung the Resolute to the port tack she "back-winded" the Vanitie. Dennis promptly put that yacht on the starboard tack again, and when the Resolute followed suit ten seconds later she had placed the Vanitie about half a dozen lengths on her lee quarter.

Both yachts were now standing in shore, dangerously near the rocks east of Matinecock Point. The Resolute was well inside the range of the point when Captain Adams let her come about. Dennis went even further inshore, crossing the Resolute's wake before tacking. When the Herreshoff sloop passed the Matinecock bay, close aboard, her opponent was fully 300 yards astern.

From there to the windward mark—Prospect Point buoy—was three miles. The Resolute made three tacks to fetch it and the Vanitie two. In the smooth waters of Hempstead Bay the pair were travelling fast in a breeze that now put them "scuppers to."

Down came baby jib topsails on both yachts a few seconds before reaching the buoy, where they were timed as follows as they luffed around it: Resolute, 1:08:49; Vanitie, 1:10:56, showing that the Resolute had covered the windward work of about ten miles—allowing for the tacks—55 seconds faster than the Vanitie.

There was some smart work at this mark by both crews in setting balloon jib topsails. The Resolute's was broken out in fifty-eight seconds, but the Vanitie's men did the same work in thirteen seconds after rounding the mark.

With these great sails pulling like teams of horses in the good breeze, the return leg to the home mark was begun, and it was in this broad reach of 7½ miles that the Vanitie showed her speed.

She began to gain on the Resolute slowly but surely. At 1:29 Captain Dennis grouped all his crew just abaft amidships, and she seemed to profit by the extra weight aft. Half way across the Sound the Cochran yacht gained fully ¼ of a mile. When the home mark was in plain sight at 1:30 both yachts were steering a course far to the northwest of it, with the Vanitie still gaining, and neither skipper inclined to gybe. Finally, Mr. Adams did so at 1:48:30, the crew hauling the boom over the stay and trimming it down to port as he luffed her for the mark, crossing the Vanitie's bow before reaching it. The times taken here were: Resolute, 1:50:49; Vanitie, 1:51:40. This shows that the Resolute led by only 61 seconds, the Vanitie having gained 1 minute 16 seconds on the reach.

The wind having hauled further to the westward only a couple of tacks were necessary in the second leg of the windward work. The Vanitie made the first one three minutes after rounding the home mark, and the Resolute, again doing some great pointing, followed suit. Both were able to leg their courses for the Prospect mark when they tacked the next time.

The captain of the tug Honeybrook, towing three barges on long hawsers, received the everlasting thanks of every yacht in sight, for he sheered broad off to the northward so as not to interfere with the yachts.

The times taken at the Prospect mark were: Resolute, 2:24:25; Vanitie, 2:25:44. The Vanitie gained two seconds on this leg. In the final broad reach back to the finish line the Resolute held her own for awhile, but when the Vanitie set her spinnaker to starboard to woo the freshening northwest breeze, she was drawing too close to the Resolute for comfort. Adams sent his spinnaker out ten seconds after his rival and when they crossed the finish line a few minutes later the Resolute won by only 11 seconds.

The summary follows:

	Start	Finish	Elapsed	Corr.
H. M. S.	H. M. S.	H. M. S.	H. M. S.	H. M. S.
Resolute	12:16:30	3:17:57	3:01:27	2:57:57
Vanitie	12:16:42	3:18:39	3:01:58	3:01:27
Resolute won by 11 seconds actual, and by 3 minutes 41 seconds (unofficial) corrected time.				

COMMITTEE REPORTS TOLLS ARBITRATION

Sutherland Resolution Recommended to Senate by
Vote of 8 to 7.

NOT LIKELY TO
AFFECT REPEAL

Wilson Measure Bitterly Attacked
by Vardaman, Who Calls
Root Troublemaker.

(From The Tribune Bureau.)
Washington, June 3.—Developments in the Panama Canal tolls situation in the Senate were rapid to-day. The Foreign Relations Committee, by a vote of 8 to 7, reported favorably the Sutherland resolution calling on the President to negotiate with Great Britain for arbitration of the tolls question by an international tribunal.

Senator O'Gorman, chairman of the Inter-oceanic Canals Committee, called up the repeal bill soon after the Senate met, and it was kept before the Senate all day, to the exclusion of other business.

Addresses against the repeal bill were made by Senator Vardaman, of Mississippi, and Senator Borah, of Idaho. Senator Simmons, who has been the marshal of the repeal forces, supported the measure in a long speech.

Repeal Fight Goes On.

Senate leaders insisted that the favorable report of the Sutherland resolution would have no effect on the fight over repeal. Senator O'Gorman said to-night that he saw no reason for submitting the tolls question to arbitration when the executive officers of the United States were in absolute accord with the British contention.

"When there is a man in the White House who stands for the American contention in this matter, then it might be submitted to arbitration with propriety," said the New York Senator.

The Sutherland resolution, it was pointed out, could be adopted by a majority vote, but a two-thirds vote would be necessary to send the question to arbitration.

It was noticeable, too, that only three Democrats voted in favor of the resolution in the Foreign Relations Committee and five Democrats voted against it, while three opponents of the repeal bill voted the same way. The vote in committee was:

For the resolution, Senators Williams, Hitchcock, Saulsbury, Burton, Sutherland, McCumber, Root and Lodge.

Against the resolution, Senators Stone, O'Gorman, Smith, of Michigan; Smith, of Arizona; Pomerene, Borah and Swanson.

Senator Vardaman's address was a harsh criticism of the President, Secretary Bryan and other Democrats for having abandoned their party platform, which declared specifically in favor of the exemption of American coastwise vessels from the payment of tolls.

Accuses Root of Making Trouble.

Mr. Vardaman charged that Senator Root, of New York, had caused all the trouble over the tolls question by making a speech in the Senate last year in favor of repeal. He regretted, he said, that the Democratic President and a Democratic Congress had elected to follow Root as their leader in this matter.

"Think of Root and Bryan pulling together for the moral uplift of the people!" Senator Vardaman exclaimed.

Another move in the tolls situation was the introduction of an amendment to the repeal bill which would authorize the President to increase the tolls charged against any foreign vessel which received a subsidy from its government, the increase being the amount of the subsidy.

Senator Simmons's argument in fa-

HOE CASE VERDICT, LATE, IS SEALED

Jury Debates Miss Mae Sullivan's
Charges Long—Result To Be
Made Known To-day.

After being out six hours, the jury in the \$25,000 breach of promise suit of Miss Mae A. Sullivan against Arthur L. Hoe was instructed by Justice Gavegan last evening to bring in a sealed verdict which will be opened this morning. The case was in the hands of the jury at 12:45.

It was anticipated that during the conflicting evidence during the several days of the trial, there would be a long deliberation before the jury could reach a verdict, and there was a strong impression that there would be a disagreement.

"The jury may consider it possible that Miss Sullivan learned how easy it was to get money from the defendant," said Justice Gavegan in his charge. "You may consider what was in Miss Sullivan's mind. Consider the crew by which she was beset, the financial difficulties and pressure under which she was burdened." In another part of his charge Justice Gavegan, commenting on the alleged promise of marriage, said: "We all agree it was a most extraordinary transaction." A verdict for Miss Sullivan, out of sympathy, the justice warned the jurors, would be unworthy of their public duty.

Several times during the charge Miss Mae L. Towns voiced his objections, which Justice Gavegan told him he did to interrupt the court's train of thought.

The new measure tried yesterday to avoid a repetition of such delay worked like a charm, and the Imperator docked without a hitch of any kind. It is probable that when the Aquitania, the Cunard Line's new giant, enters port to-morrow morning the Patrol will be waiting to insure her a clear path.

The Imperator made a record run, crossing the ocean in five days, seven hours and thirty-eight minutes, the best time she had made on a westward trip.

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